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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/680,923	10/06/2000	Steven Bechhofer	40108/00101	3044
30636	7590	09/10/2004	EXAMINER	
FAY KAPLUN & MARCIN, LLP 150 BROADWAY, SUITE 702 NEW YORK, NY 10038			MEINECKE DIAZ, SUSANNA M	
		ART UNIT	PAPER NUMBER	
		3623		

DATE MAILED: 09/10/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/680,923	BECHHOFER ET AL. <i>35</i>
	Examiner	Art Unit
	Susanna M. Diaz	3623

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 26 April 2004.
- 2a) This action is **FINAL**. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-16 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-16 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 - a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date: _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date: _____ | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. This Final Office action is responsive to Applicant's amendment filed April 26, 2004.

Claims 1, 2, 4, 8, 10-13, and 15 have been amended.

Claim 16 has been added.

2. Claims 1-16 are presented for examination.

Response to Arguments

3. Applicant's arguments with respect to claims 1-16 have been considered but are moot in view of the new ground(s) of rejection, which are necessitated by Applicant's amendments to the claims.

Claim Rejections - 35 USC § 101

4. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

5. Claims 1-14 and 16 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the “progress of science and the useful arts” (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

In the present case, the recitation of “at least a portion of the method is operable as instructions on a processor” is limited to the preamble in claims 1-9 and 16. This limitation does not breathe life into the body of the claims. Furthermore, depending on which portion of the method is “operable as instructions on a processor,” such a recitation might amount to a mere nominal incorporation of technology, which is not sufficient to overcome the rejection under 35 U.S.C. § 101. The steps in claims 1-9 and 16 could be performed entirely in the mind of a human and therefore do not necessarily incorporate technology; therefore, while claims 1-9 and 16 recite the useful, concrete, and tangible result of projecting conditions of a business entity, they are deemed to be non-statutory for failure to apply, involve, use, or advance the technological arts.

Furthermore, claims 10-14 are directed toward software *per se*, which is deemed to be non-statutory. As seen in the rejection of claims 10-14 under 35 U.S.C. § 112, 2nd paragraph, a system cannot comprise code *per se* and there are no recited system elements to overcome the issue of technology.

Appropriate correction is required.

Claim Rejections - 35 USC § 112

6. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

7. Claims 10-14 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 10-14 are prefaced as system claims in the preamble; however, the body contains no system elements. Only software code *per se* is recited; therefore, it is not clear whether Applicant intends to direct claims 10-14 to a system or article of manufacture.

Appropriate correction is required.

Claim Rejections - 35 USC § 103

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

9. Claims 1-16 are rejected under 35 U.S.C. 103(a) as being unpatentable over Rebane ("Determining Worth in the Consolidation Era") in view of Bruce (US 2002/0049621).

Rebane discloses a method of projecting a future condition of a business entity, comprising the steps of:

[Claim 1] identifying a plurality of risks and a plurality of opportunities for the business entity (¶¶ 1-14);

evaluating at predetermined times a potential monetary impact of each of the risks and each of the opportunities on the future condition of the business entity (¶¶ 1-14 -- The occurrence of certain predetermined events triggers an evaluation of risks and opportunities on a business entity. "The need may arise during the estate planning process, the buying out of a partner or when evaluating strategic alternatives in light of changing industry dynamics." (¶ 3));

determining at each of the predetermined times for each of the risks, *one of a probability that the risk will occur during a predetermined period of time* and a frequency at which the risk will occur (¶¶ 1-14 -- The predetermined period of time is interpreted as the period of time between the current time and the time of consummating a contract, e.g., selling a company, or the period of time following consummation of a contract. For example, if an entity considering to buy out a partner wants to evaluate the potential opportunities and risks associated with such a business venture, then he/she is projecting the effects of the business venture on him/her once the partner has been bought out, i.e., after a buy-out contract is consummated. A converse argument can be made for a seller assessing his/her opportunities and risks arising from a given business venture);

determining at each of the predetermined times for each of the opportunities, *one of a probability that the opportunity will occur during a predetermined period of time* and a frequency at which the opportunity will occur (¶¶ 1-14 -- The predetermined period of

time is interpreted as the period of time between the current time and the time of consummating a contract, e.g., selling a company, or the period of time following consummation of a contract. For example, if an entity considering to buy out a partner wants to evaluate the potential opportunities and risks associated with such a business venture, then he/she is projecting the effects of the business venture on him/her once the partner has been bought out, i.e., after a buy-out contract is consummated. A converse argument can be made for a seller assessing his/her opportunities and risks arising from a given business venture);

projecting at each of the predetermined times the future condition of the business entity based on a monetary value of each of the risks and opportunities, wherein the monetary value for each of the risks and opportunities is determined based on the potential monetary impact and *corresponding one of frequency and probability* (¶¶ 1-14 -- The predetermined period of time is interpreted as the period of time between the current time and the time of consummating a contract, e.g., selling a company, or the period of time following consummation of a contract. For example, if an entity considering to buy out a partner wants to evaluate the potential opportunities and risks associated with such a business venture, then he/she is projecting the effects of the business venture on him/her once the partner has been bought out, i.e., after a buy-out contract is consummated. A converse argument can be made for a seller assessing his/her opportunities and risks arising from a given business venture);

[Claim 3] reporting each of the risks and opportunities to management of the business entity (¶¶ 1-14);

[Claim 4] handling at least one of the risks to decrease the probability that the at least one risk will occur (¶¶ 3, 14 -- Working to alter the value of an entity, establishing negotiation terms based on the risks and opportunities associated with a business deal, and deciding whether to buy or sell a business all contribute to decreasing the probability that at least one risk will occur and increasing the probability that at least one opportunity will occur); and

handling at least one of the opportunities to increase the probability that the at least one opportunity will occur (¶¶ 3, 14 -- Working to alter the value of an entity, establishing negotiation terms based on the risks and opportunities associated with a business deal, and deciding whether to buy or sell a business all contribute to decreasing the probability that at least one risk will occur and increasing the probability that at least one opportunity will occur);

[Claim 5] wherein one of a checklist and a questionnaire identifies one of the risks and the opportunities (¶¶ 1-14 -- Various factors may be assessed);

[Claim 6] identifying a root cause for one of the risks and the opportunities (¶¶ 1-14);

[Claim 16] wherein the potential monetary impact is a function of one of earnings before interest and taxes ("EBIT"), operating cost savings and market share gains (¶¶ 1-14).

As per claims 1-9 and 16, the analysis steps of Rebane are not disclosed as expressly performed by a computer; however, Official Notice is taken that it is old and

well-known in the art of automation to utilize a computer to assist in performing methods commonly performed by hand, especially where calculations and analysis are involved. Utilizing a computer to perform calculations and analysis typically speeds up processing while reducing errors normally introduced by human limitations. For example, Bruce specifically teaches a computerized method and system for assessing risk and opportunity factors in an organization (see at least ¶¶ 49-57). Therefore, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to perform at least one of the method steps taught by Rebane with the assistance of a computer in order to speed up processing of the overall method while reducing errors normally introduced by human limitations.

[Claims 10, 13, 14] Claims 10, 13, and 14 recite limitations already addressed by the rejection of claims 1 and 4 above; therefore, the same rejection applies.

Furthermore, as per claim 14, Rebane discloses an assessment module determining if at least two risks affect one future condition (¶¶ 1-14).

[Claim 15] Claim 15 recites limitations already addressed by the rejection of claim 1 above; therefore, the same rejection applies.

[Claims 2, 8, 11, 12] Rebane does not explicitly teach that the monetary value is determined by a multiplication of the potential monetary impact by the corresponding one of frequency and probability; however, Bruce does teach that opportunities and

risks are ranked based on a software company's level of willingness to accept risk in order to assist the software company in selecting a project that is most conducive to their level of willingness to accept risk (¶¶ 405-410). A weighted level of risk is indicative of a multiplication of the potential impact of a risk. The ability to weight risk levels infuses a more comprehensive understanding of an entity's willingness to accept or not accept various degrees or types of risk, thereby leading to a more thorough analysis of acceptable risk patterns, especially in conjunction with a balance of beneficial opportunities. Furthermore, Bruce assesses risks, such as those associated with a product defect rate (¶ 467), which inherently incorporates a risk frequency and probability. Analysis of such a rate facilitates understanding of how to reduce the product defect rate and mitigate its negative effects on a company's profit. Both Rebane and Bruce are directed toward mitigating various business risks by balancing these risks out with more beneficial business opportunities; therefore, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to implement with Rebane's analysis the constraint that monetary value is determined by a multiplication of the potential monetary impact by the corresponding one of frequency and probability (claims 2, 11) and the step of ranking each risk based on a result of the multiplication of the potential monetary impact of each risk by the corresponding one of frequency and probability for the risk (claim 8) in order to aid a company in more comprehensively analyzing the balance between acceptable and unacceptable risks with potential benefits arising from potential opportunities. Furthermore, by specifying a level of risk that one is willing to accept, it is understood

that risk values below a threshold (i.e., one's maximum level of acceptable risk) are being accepted (claim 12).

[Claim 7] Rebane discloses the periodic collection of performance data in order to assess potential risk and opportunity (¶¶ 1-14); however, Rebane does not specify a particular time period corresponding to the predetermined times. Official Notice is taken that it is old and well-known in the art of data collection to periodically collect data either once a month or once a week. It is important to allow a data gatherer to specify how often data should be collected based on the data gatherer's needs. When progress is being measured and development occurs at a faster rate, then data would be more significant if collected more often than if development occurred at a slower rate. Since Rebane's invention is applicable to various types of business negotiations, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to adapt Rebane's invention to specifically collect data at either weekly or monthly intervals in order to allow Rebane's invention to better meet the needs of a variety of buyers and sellers who have differing needs for data collection and evaluation thereof.

[Claim 9] Rebane does not expressly teach the step of comparing a previously projected future condition to an actual condition at a time corresponding to the previously projected future condition to determine an accuracy of the projected future condition. Official Notice is taken that it is old and well-known in the art of modeling to continuously compare forecasted to actual performance conditions in order to refine, and ultimately optimize, the model on which the forecasting is based. This procedure

helps to ensure that forecasting parameters are up-to-date and comprehensive, thereby yielding more accurate results. Since Rebane is concerned with providing business entities with comprehensive and accurate business analyses, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to adapt Rebane's invention to perform the step of comparing a previously projected future condition to an actual condition at a time corresponding to the previously projected future condition to determine an accuracy of the projected future condition in order to refine, and ultimately optimize, the model on which the forecasting is based. This would help to ensure that Rebane's forecasting parameters are up-to-date and comprehensive, thereby yielding more accurate results

Conclusion

10. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Baseman et al. (US 2004/0059627) -- Discloses a method for integrated supply chain and financial management.

11. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

12. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Susanna M. Diaz whose telephone number is (703) 305-1337. The examiner can normally be reached on Monday-Friday, 9 am - 5 pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tariq Hafiz can be reached on (703) 305-9643.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Receptionist whose telephone number is (703)308-1113.

Any response to this action should be mailed to:

**Commissioner for Patents
P.O. Box 1450
Alexandria, Virginia 22313-1450**

or faxed to:

**(703)305-7687 [Official communications; including
After Final communications labeled]**

"Box AF"]

(703)746-7048 [Informal/Draft communications, labeled
"PROPOSED" or "DRAFT"]

Hand delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, Arlington, VA, 22202, 7th floor receptionist.

Susanna Diaz
Susanna M. Diaz
Primary Examiner
Art Unit 3623
September 7, 2004